Defense Supply Center Richmond

Aviation Supply Chain Performance and Initiatives

RDML Mike Lyden, SC, USN
Commander

Agenda

- **DLA Business**
- **Environment**
- **Aviation Supply Chain Scorecard**
- **Customer Engagement Strategies**
- **Initiatives**
- **Challenges & Opportunities**
- **Summary**

The DLA Enterprise

FY 02 Sales/Services: $21.5B
FY 03 Sales/Services: $25B
FY 04 Projection: $28.9B

- **Aviation: $ 3.3B**
- **Troop Support: $ 2.7B**
- **Energy: $ 5.2B**
- **Distribution: $ 2.2B**
- **Other: $ 1.4B**

Foreign Military Sales

- **Sales: $719M**
- **Shipments: 580K**
- **Supporting 124 Nations**

Scope of Business

- **45,000 Requisitions/Day**
- **8,200 Contracts/Day**
- **#55 Fortune 500 – Above Northrop Gr**
- **#2 in Top 50 Distribution Warehous**
- **23 Distribution Depots**
- **4.6 Million NSNs**
- **24.7M Annual Receipts and Issues**
- **1411 Weapon Systems Supported**
- **147.7M Net Barrels Fuel Sold (FY 03**
- **$12.5B Annual Reutilizations/Dispos**

People

- **21,468 Civilians**
- **525 Active Duty Military**
- **636 Reserve Military**
- **Located in 48 States/28 Countrie**

Defense Logistics Agency Organization

VADM Keith Lippert
Supply Corps USN
Director, DLA

MG Mary Saunders
Vice Director, DLA

Director & Corporate Staff

Business Units

- **DSC Columbus OH** — Maritime Land Missiles
- **DSC Philadelphia PA** — Troop Support
- **DSC Richmond VA** — Aviation
- **Energy Support Center Ft Belvoir VA** — Energy
- **Defense Distribution Center New Cumberland PA** — E2E Distribution

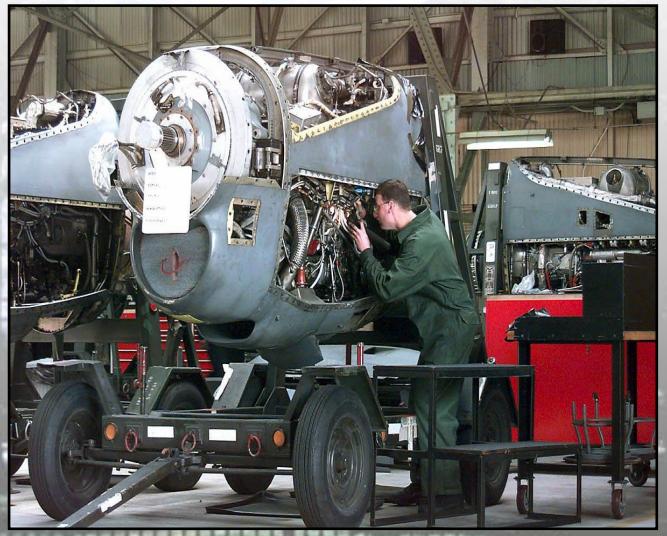
Other Service Areas

- Defense Reutilization & Marketing Service
- Defense National Stockpile Center
- Defense Logistics Information Service
- Document Automation & Production Service
- DLA Pacific
- DLA Europe

Defense Supply Center Richmond
DoD's Aviation Supply Chain

RDML Mike Lyden
Supply Corps, USN
Commander

Richard J. Bailey
Deputy
Commander



- Engine Compone
- Air Frames
- Landing Gear
- Flight Safety Equip
- Propeller Systems

DEFENSE SUPPLY CENTER RICHMOND

Aviation Expertise …Unique Skill Set

DSCR Business Volume

Military - $3091.4M
Commercial - $232.5M

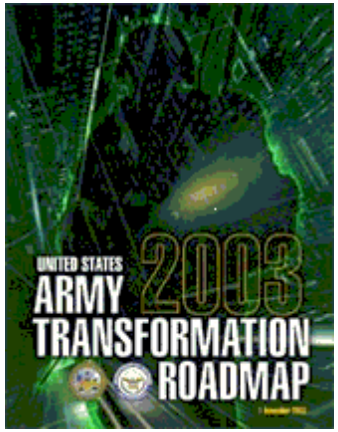
DSCR is a Growth Industry

Sales @ Standard (DSCR)

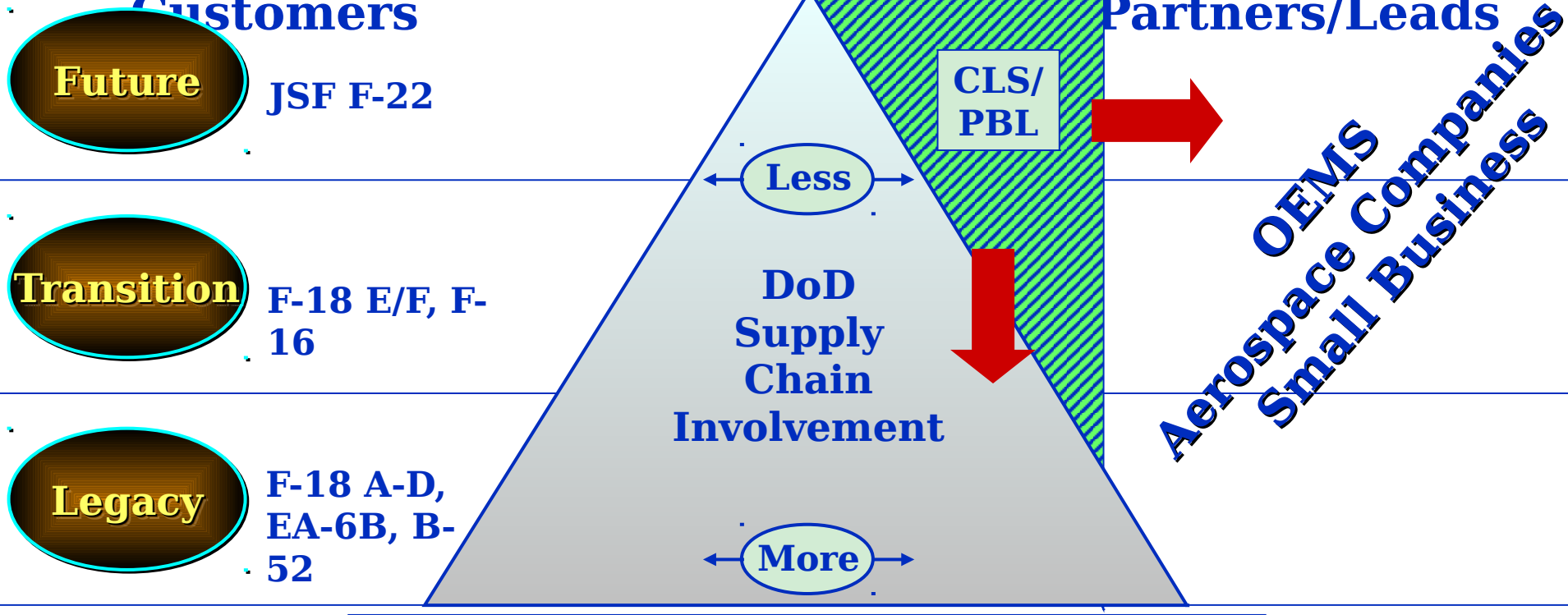
Agenda

- DLA Business
- Environment
- Aviation Supply Chain Scorecard
- Customer Engagement Strategies
- Initiatives
- Challenges & Opportunities
- Summary

Environment…
Unprecedented Speed of Change



Environment…
Evolving DoD Supply Chain



Challenges … Affordability, Regulatory

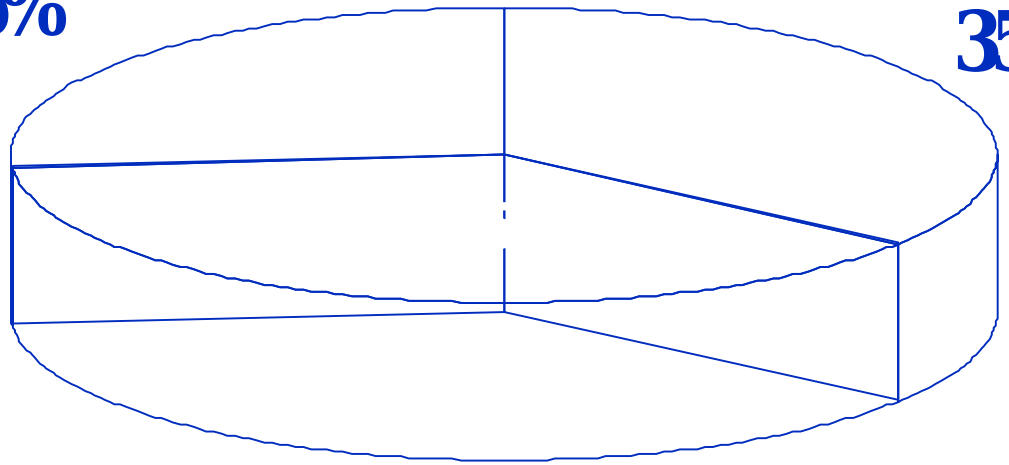
Agenda

- DLA Business
- Environment
- Aviation Supply Chain Scorecard
- Customer Engagement Strategies
- Initiatives
- Challenges & Opportunities
- Summary

Aviation Supply Chain Scorecard
NSN Profile

DSCP
26%

DSCR
35%



DSCC
39%

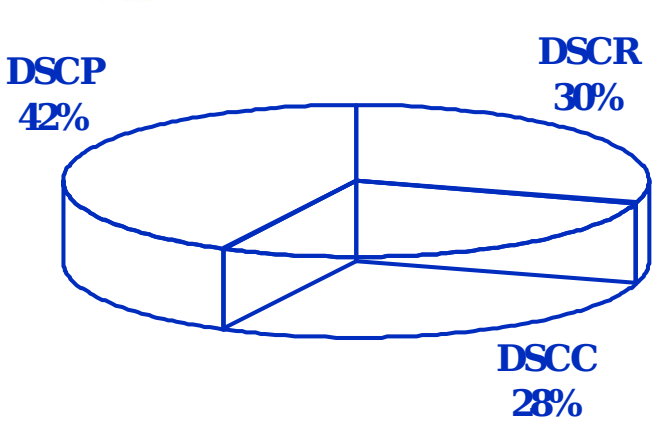
414 Aviation Weapon Systems

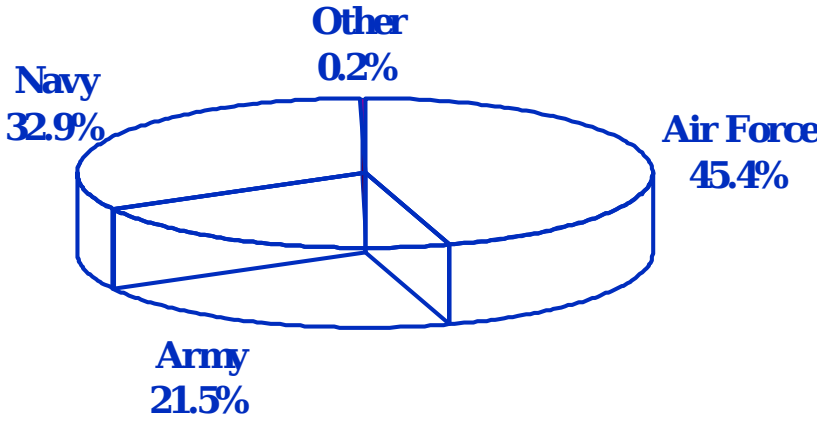
1.26 Million Aviation NSNs

Source: Portals, Aviation Scorecard

Aviation Supply Chain Scorecard
Demand Profile

Demand Lines 5,972,652

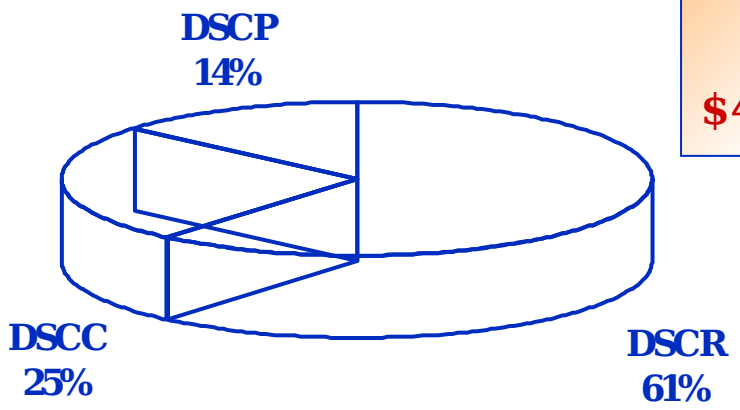


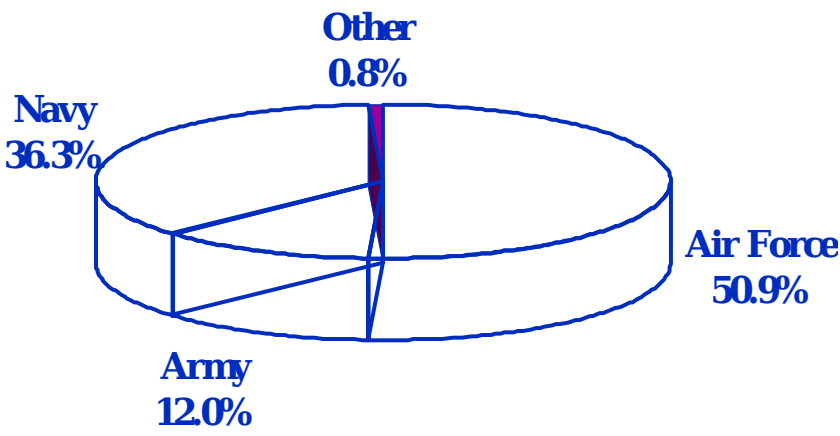


BY ICP

BY SERVICE

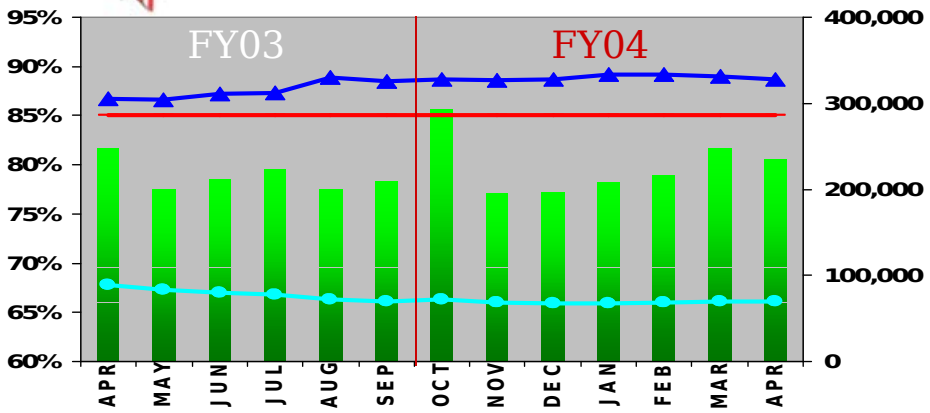
Demand Value $4.75 Billion



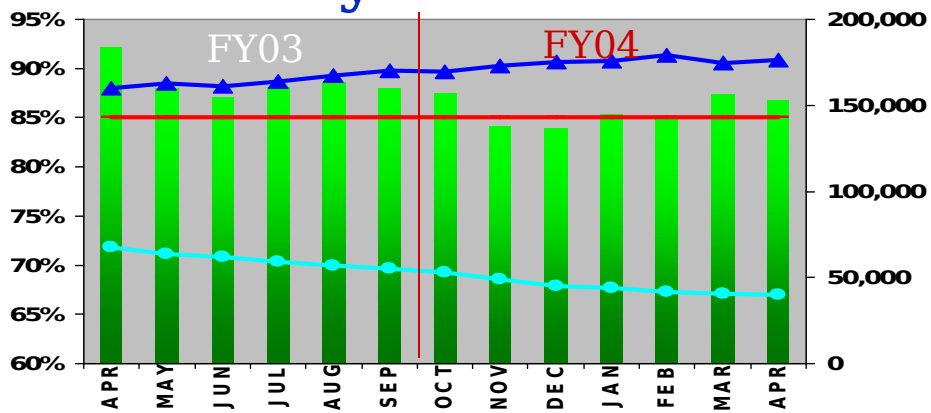


Aviation Supply Chain Scorecard Performance By Service

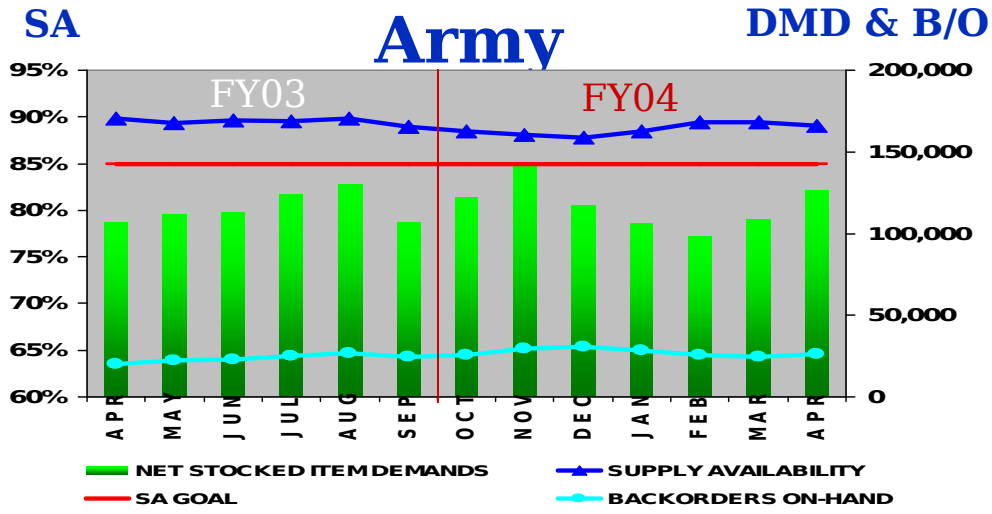
Air Force



Navy & USMC



Army



Strong Performance by Services

Source: Portals, Aviation Scorecard

Battle Rhythm

INTERNAL

- Aviation Readiness Review
  - Aviation Scorecard
  - Weapon System Readiness Review
  - Customer Team Scorecard
  - Customer Team Review
- Weapon System Support
  - Manage- Degraders

EXTERNAL

- Aviation Customer Support
  - VTC (w/ DSCC & DSCP)
- Performance Management
  - / DLA
  - ess Review
  - s Field VTC

http://www.dscr.dla.mil

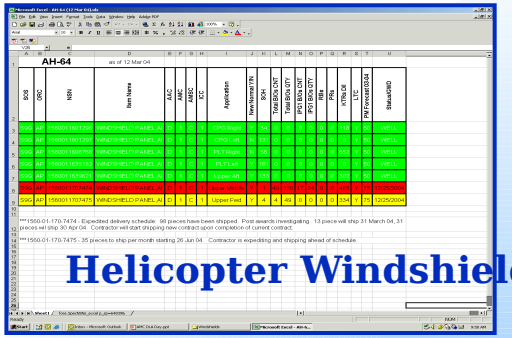
Customer Info

Customer & Weapon Systems Support

Customer Focused Metrics

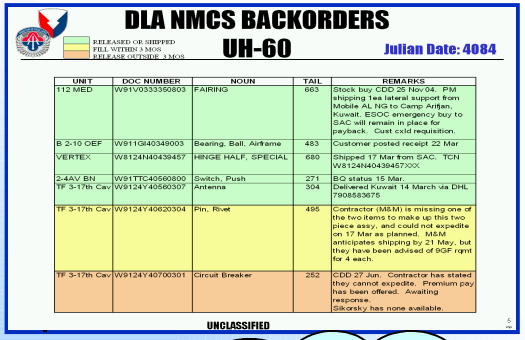
DSCR War Room

Pulling it All Together



Helicopter Windshields

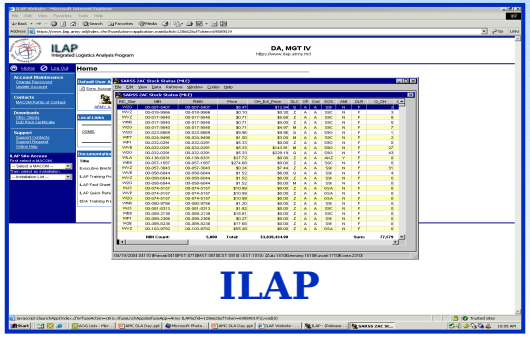
Weekly Battle Rhythm



UNIT	DOC NUMBER	NOUN	TAIL	REMARKS
112 MED	W91V0333350803	FAIRING	663	Stock buy CDD 25 Nov 04. PM shipping 1ea lateral support from Mobile AL NG to Camp Arifjan, Kuwait. ESOC emergency buy to SAC will remain in place for payback. Cust cold requisition.
B 2-10 GEF	W911GI40348003	Bearing, Ball, Airframe	483	Customer posted receipt 22 Mar
VERTEX	W8124N40439457	HINGE HALF, SPECIAL	680	Shipped 17 Mar from SAC. TCN W8124N4043945700X
2-4AV BN	W91TTC40560800	Switch, Push	271	BO status 15 Mar.
TF 3-17th Cav	W9124Y40560307	Antenna	304	Delivered Kuwait 14 March via DHL 7908583675
TF 3-17th Cav	W9124Y40620304	Pin, Rivet	495	Contractor (M&M) is missing one of the two items to make up this two piece assy., and could not expedite on 17 Mar as planned. M&M anticipates shipping by 21 May, but they have been advised of PGF rqmt for 4 each.
TF 3-17th Cav	W9124Y40700301	Circuit Breaker	252	CDD 27 Jun. Contractor has stated they cannot expedite. Premium pay has been offered. Awaiting response. Sikorsky has none available.

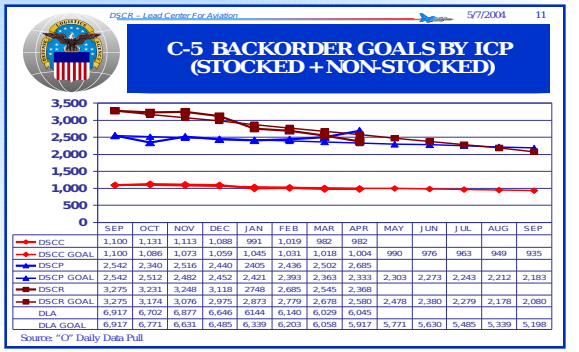
Fort Rucker Critical Items

CENTCOM AOG Report



ILAP

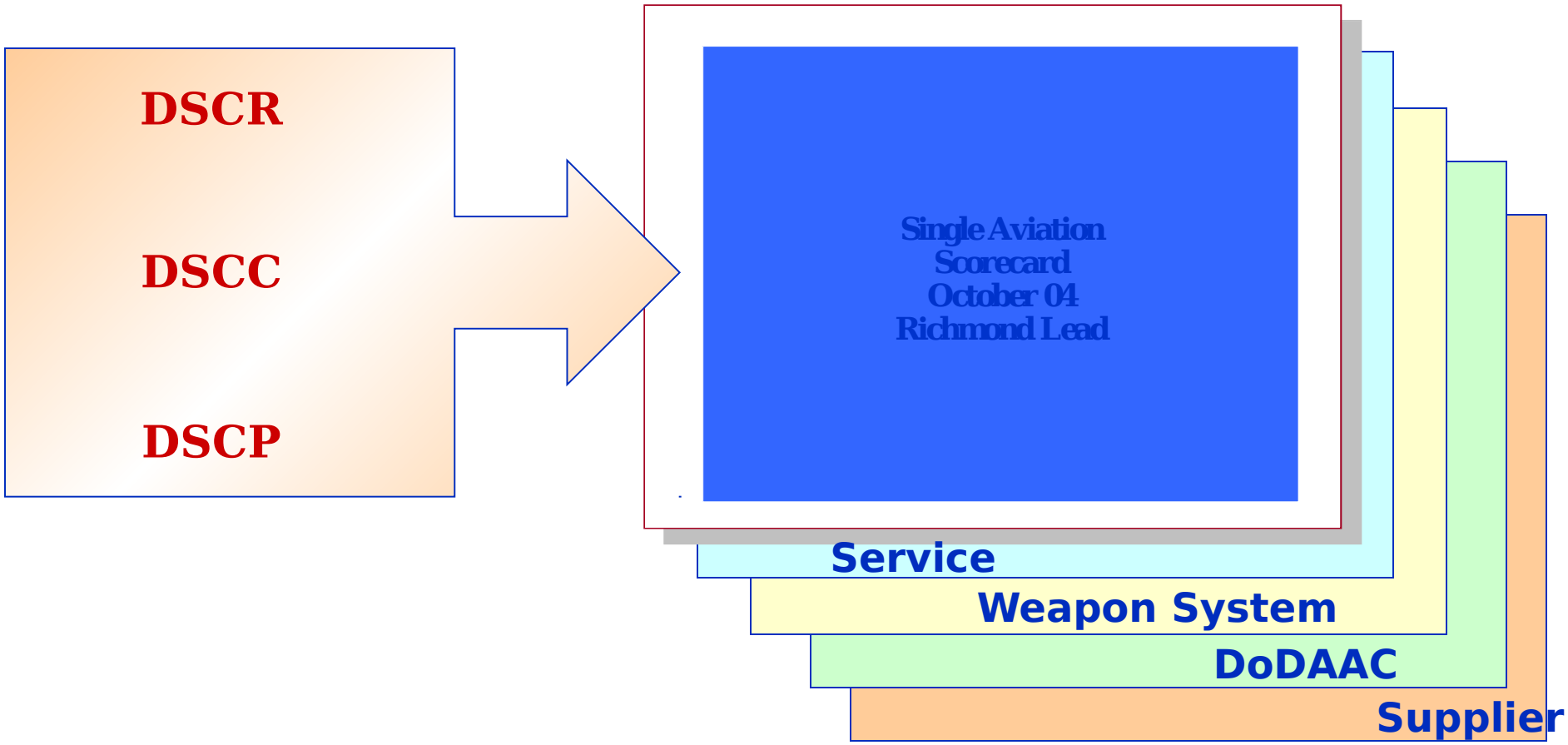
C-5 Backorder Analysis



	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
DSCC	1,100	1,131	1,113	1,088	991	1,019	982	982					
DSCC GOAL	1,100	1,086	1,073	1,059	1,045	1,031	1,018	1,004	990	976	963	949	935
DSCP	2,542	2,340	2,516	2,440	2405	2,436	2,502	2,685					
DSCP GOAL	2,542	2,512	2,482	2,452	2,421	2,393	2,363	2,333	2,303	2,273	2,243	2,212	2,183
DSCR	3,275	3,231	3,248	3,118	2748	2,685	2,545	2,368					
DSCR GOAL	3,275	3,174	3,076	2,975	2,873	2,779	2,678	2,580	2,478	2,380	2,279	2,178	2,080
DLA	6,917	6,702	6,877	6,646	6144	6,140	6,029	6,045					
DLA GOAL	6,917	6,771	6,631	6,485	6,339	6,203	6,058	5,917	5,771	5,630	5,485	5,339	5,198

Source "O" Daily Data Pull

Future Aviation Supply Chain Scorecard



Agenda

- DLA Business
- Environment
- Aviation Supply Chain Scorecard
- Customer Engagement Strategies
- Initiatives
- Challenges & Opportunities
- Summary

Customer Engagement Strategies

2002 – to Date Weapon System Facing + Customer Facing

WSSM

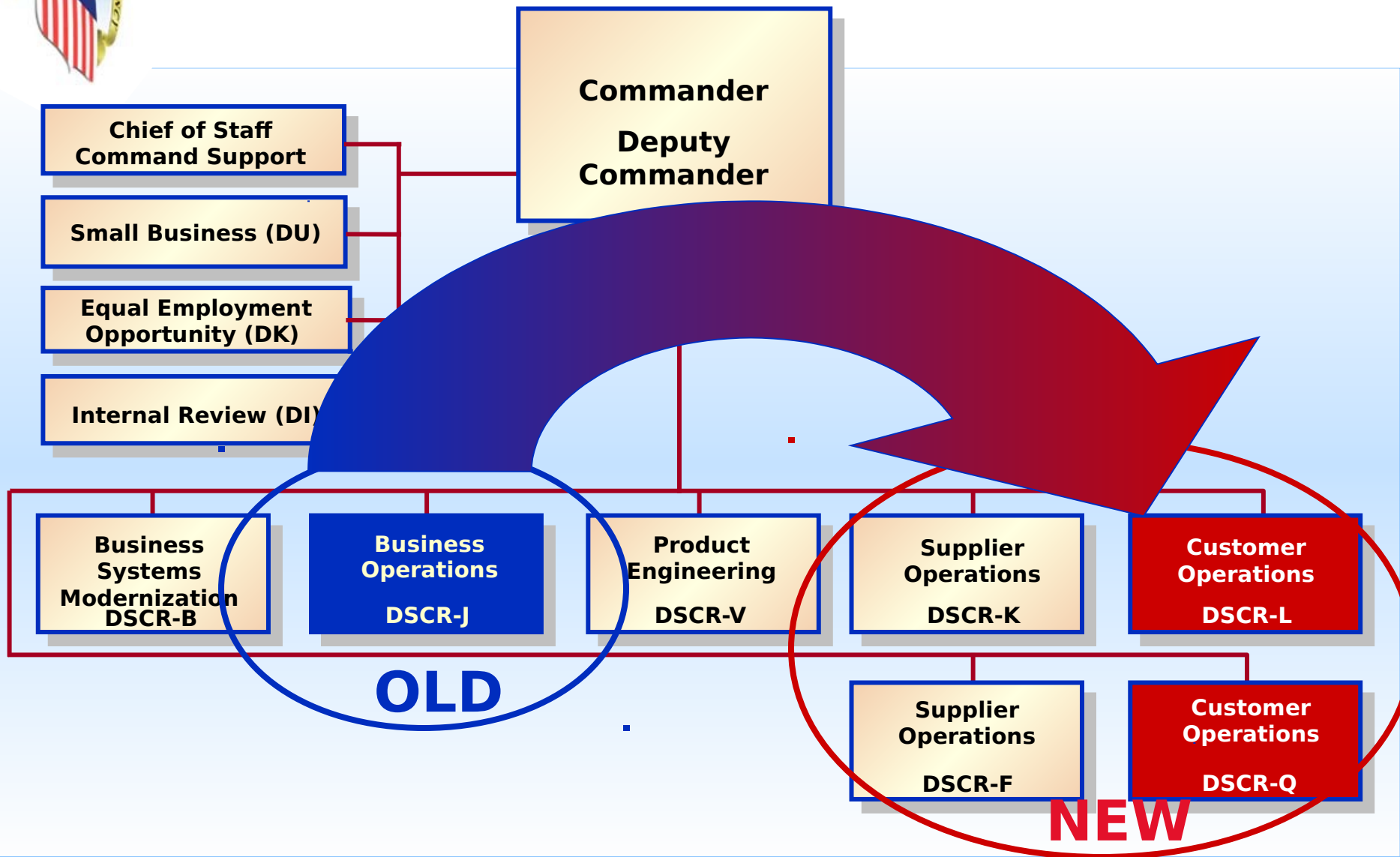
CT

Current Customer Engagement

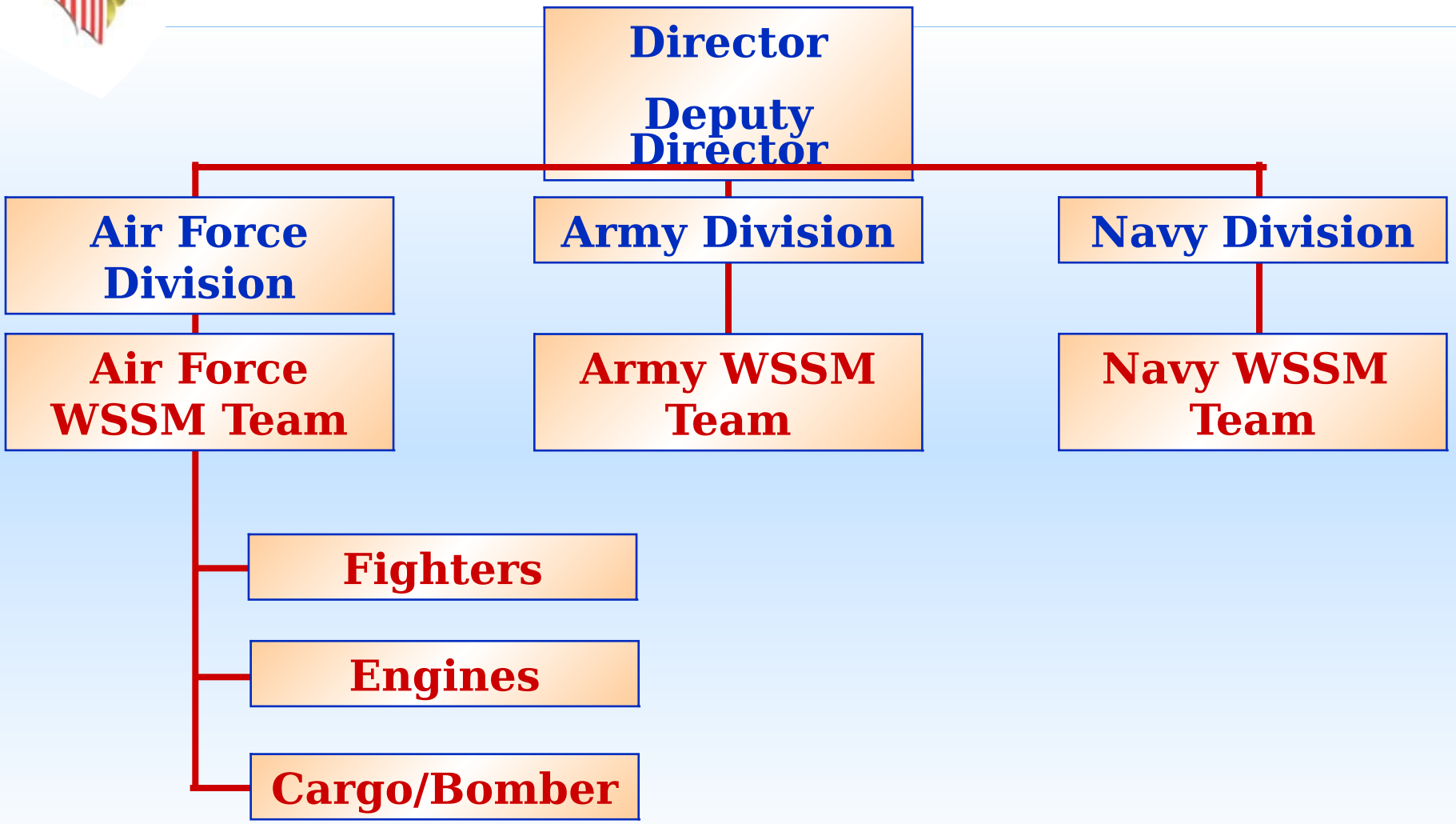
Expanded Customer Engagement

- **Customer Cells**
- **Operational**

Current DSCR Organization Where the Customer Fits in…



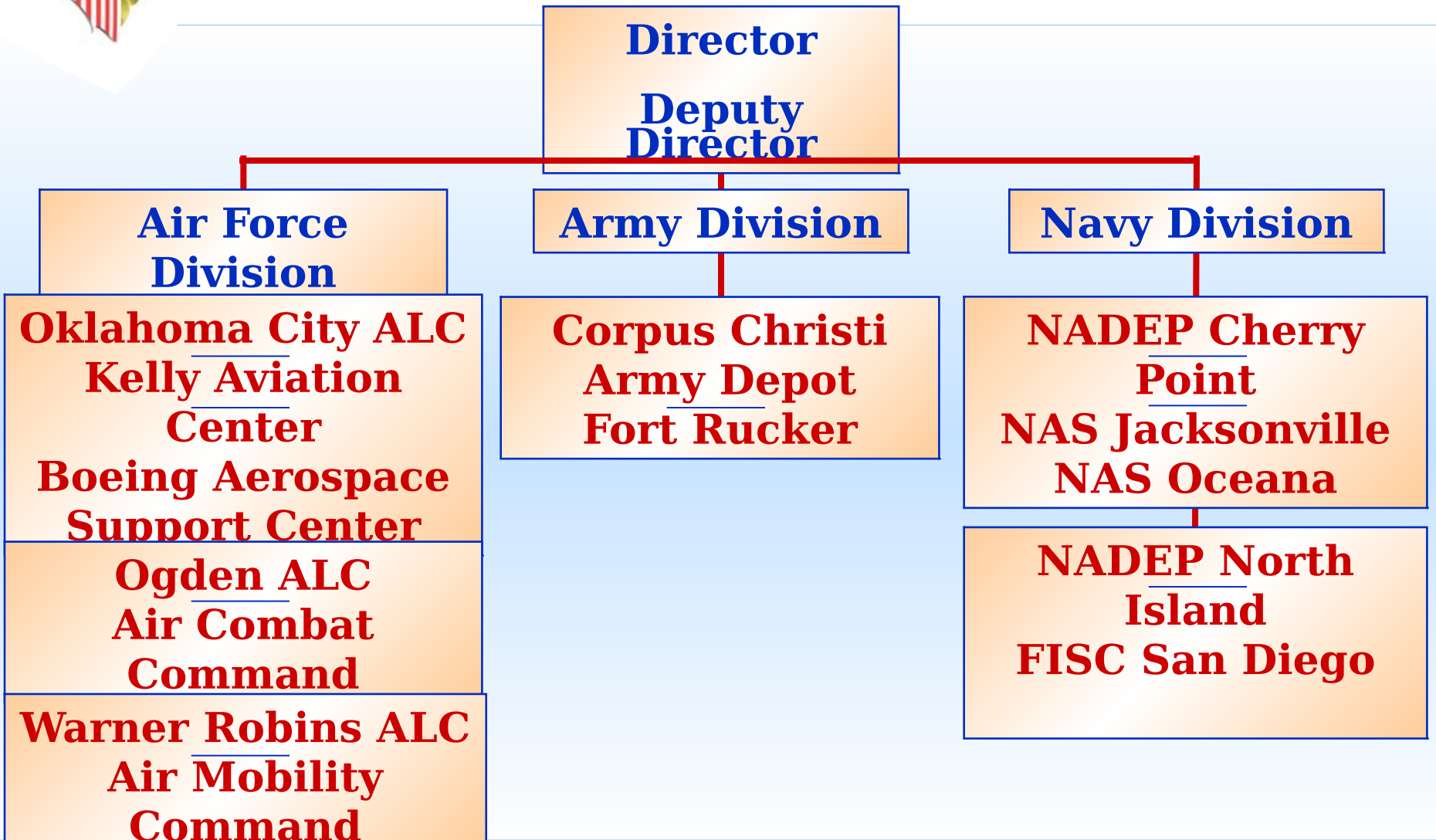
Customer Engagement Weapon System Support Managers (WSSMs)



Weapon System Support Manager (WSSM) Mission

- **Improve Aviation Supply Chain Communications**
  - **Interface with Program Managers**
  - **PBL Engagement**
  - **Training Customers**
- **Forecasting & Supply Chain Integration**
  - **Assist with Developing Forecasts & SPRs**
  - **Supportability Planning**
  - **Critical Item Lists**
- **Weapon System Metrics**

Customer Engagement
Customer Team Operations



Customer Teams Mission

- Teaming with Customers For Improved Support
- Focus on:
  - Forecasting/Supportability
  - Acquisition Strategies
  - Kitting
  - Sharing Data and Information
  - Developing Key Metrics & PBAs
- Matrixed Organization

Customer Team
DLA Matrix Organization

Total DLA Team Effort

Expanded Customer Engagement

Director Customer Operations

Air Force Division

- Oklahoma City ALC
- Ogden ALC
- Warner Robins ALC
- Operational Commands
- Air Education &Training
- Foreign Military Sales
- Civil Aviation/Other
- AF Installation/Other

Army Division

- Corpus Christi Army Depot Special Repair Activity
- 101st Airborne
- Training & Doctrine Command

CURRENT TEAMS

Navy Division

- NADEP Cherry Point
- NADEP North Island
- NADEP Jacksonville
- Naval Aviation
- USMC Aviation
- Naval Air Training

Agenda

- DLA Business
- Environment
- Aviation Supply Chain Scorecard
- Customer Engagement Strategies
- Challenges & Opportunities
- Initiatives
- Challenges & Opportunities
- Summary

Initiatives

- **Kitting**
- **Forecasting**
- **Expanded Products & Services**
- **Supplier Relationship Management**
- **Aviation Investment Strategy (AIS)**

Initiatives…
Kitting Support Services

- Collaborative Logistical Planning
- On-site Services Tailored to LEAN Concepts
- Configurations ESA Source Approved

Industrial Support Model

100% Replacement Factor

Kitting

Direct Material

Partial Replacement Factors

Forecasting/Partnering

Pre-Expended Bin

Integrated Prime Vendor

Bench Stock

Key Element of LEAN Support

Initiatives…
Expanded Products & Services

- **Supply Performance Contracts**
  - **Direct Vendor Delivery**
  - **Virtual Prime Vendor**
  - **Integrated Prime Vendor**
- **Support Weapon System PBLs**
  - **Government Furnished Material… Partner**
  - **Customer Furnished Material…"Behind the Curtain"**
- **Market Baskets**
  - **Harness Competitive Sector for Common Items**

One Size Does Not Fit All

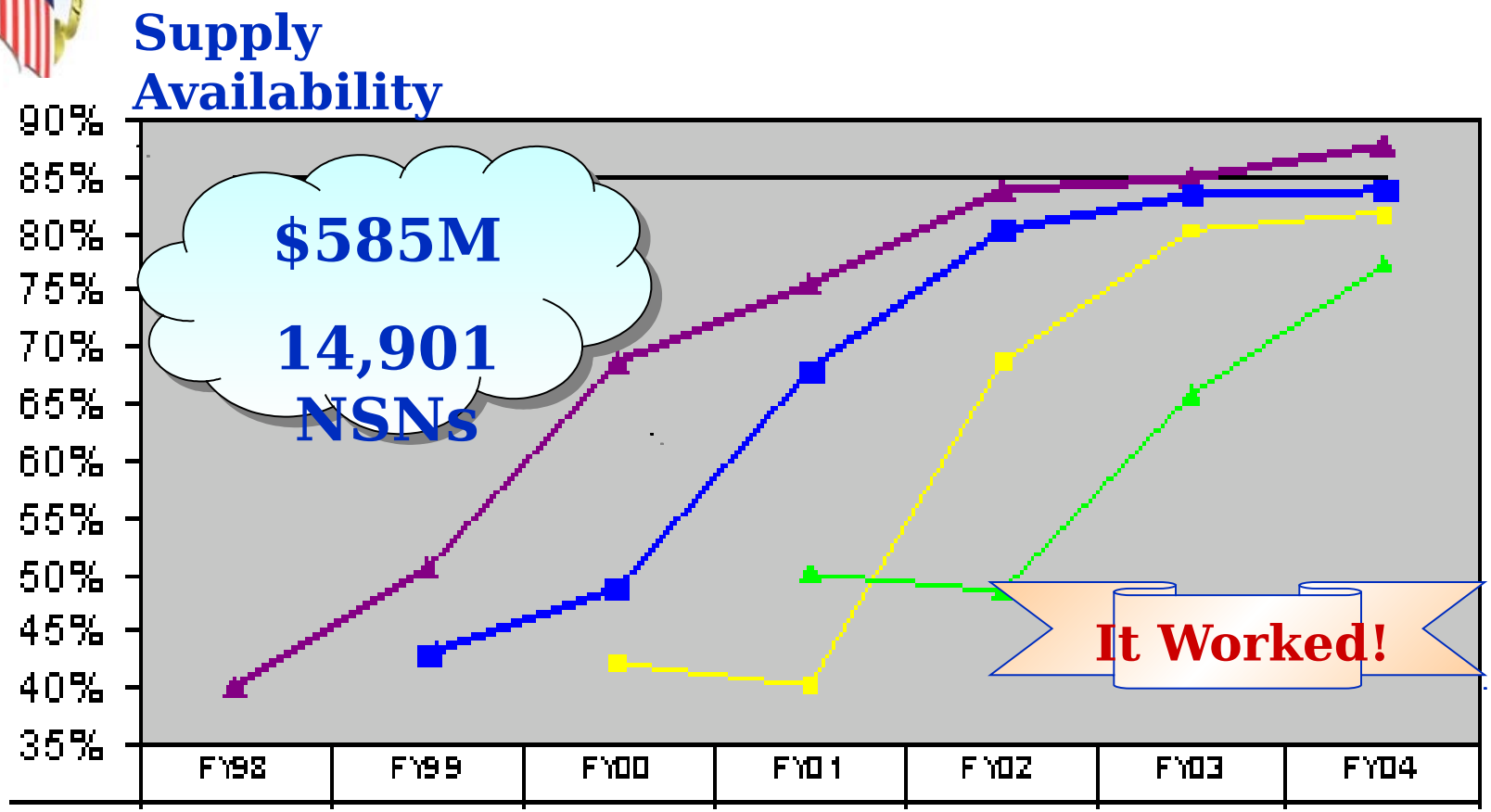
- **Insurance Item Investments**

Initiatives…
Supplier Relationship Management

Strategic → **Strategic Supplier Alliances**

- **Establish Long Term Relationships With Select Suppliers**
- **Understand Value Equations, Capabilities, Processes**
- **Establish Collaborative Objectives**
- **Operate As A Cohesive Team … “Win – Win”**
- **Focus on Strategic Areas Of Improvement**
- **Drive Up Performance / Decrease Costs**

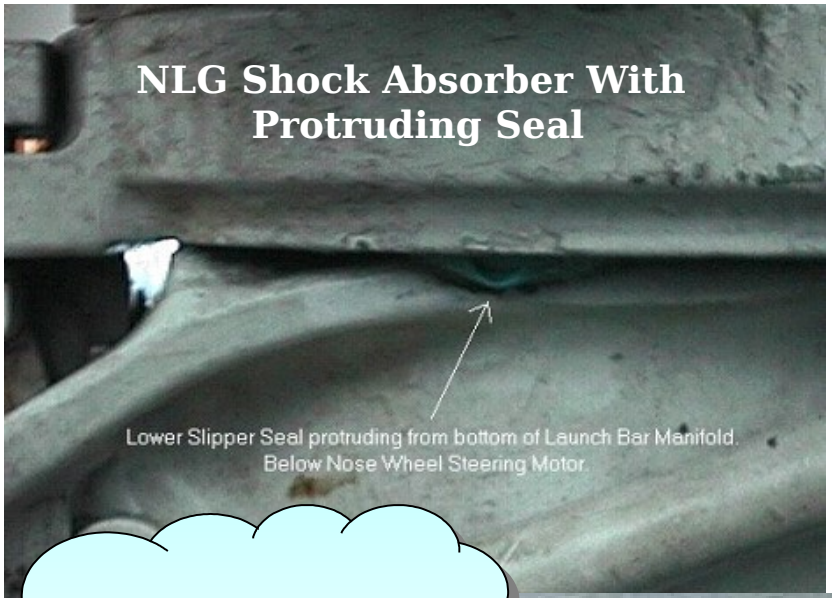
Initiatives…
Aviation Investment Strategy

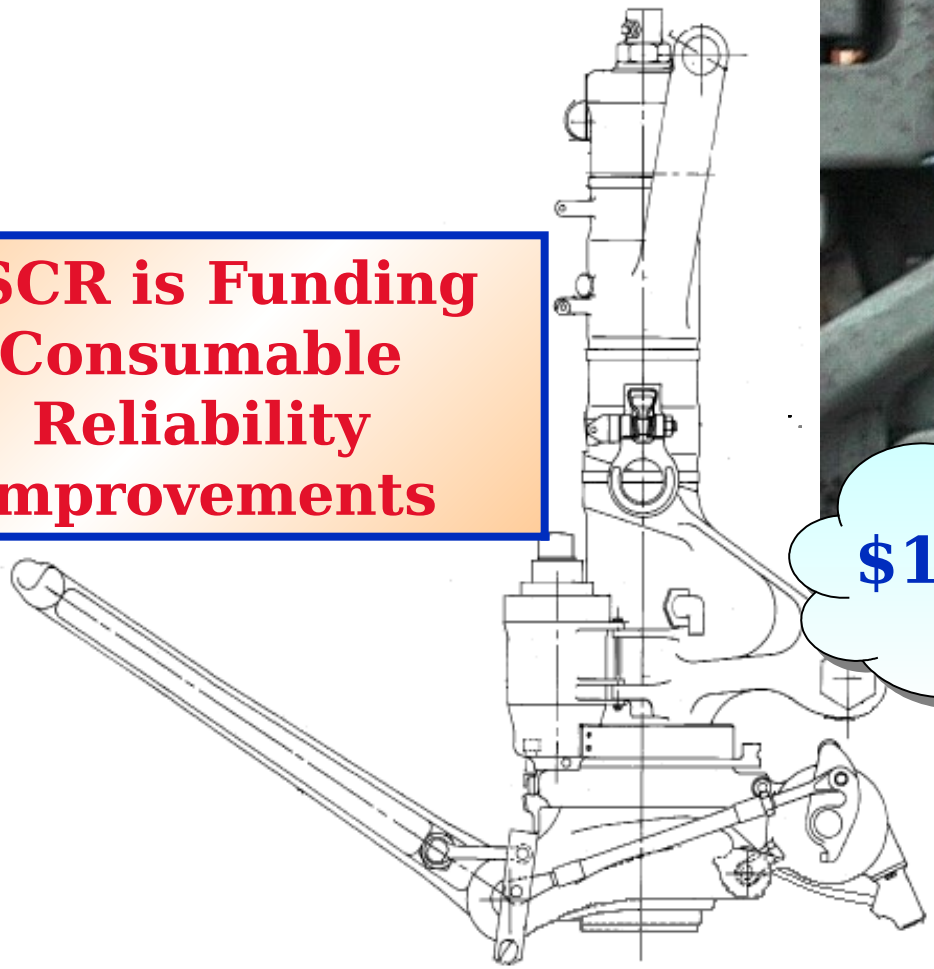


Dynamic Supply Aviation Improvement from Annual Investments

Initiatives…
Engineering Reliability Initiative

DSCR is Funding Consumable Reliability Improvements


NLG Shock Absorber With Protruding Seal
Lower Slipper Seal protruding from bottom of Launch Bar Manifold. Below Nose Wheel Steering Motor.



$10M in FY 04

Agenda

- DLA Business
- Environment
- Aviation Supply Chain Scorecard
- Customer Engagement Strategies
- Initiatives
- Challenges & Opportunities
- Summary

Challenges & Opportunities

- Customer Funding Levels
- SPR Buyback Rates
- High SA Expectations
  - 100% In Place
- New Support Strategies
  - Bundling Small Business
  - Supply Chain Proliferation
- Reliability Improvement

- Forecasting Models
  - PFM / RBFM / SAMP / RFM
- Expanded Industrial Support
  - Local Procurements
  - Retail Investment
  - G Condition
- Teaming for Cost Wise Readiness
- E2E Aviation Supply Chain Support
- Expanded Retail Investment Opportunities

Communication is the Key

Agenda

- DLA Business
- Environment
- Aviation Supply Chain Scorecard
- Customer Engagement Strategies
- Initiatives
- Challenges & Opportunities
- Summary

Summary

- **Delivering Strong Performance**
- **Actively Engaging with Customers**
- **Communication is Key!**

Expanding The Partnership !